No. 03-536

In The

Supreme Court of the United States

ENTERPRISE RENT-A-CAR COMPANY,

Petitioner,

v.

ADVANTAGE RENT-A-CAR, INC.,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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PARTIES TO THE PROCEEDING

The Petition accurately lists the parties to the proceeding.

Advantage Rent-A-Car, Inc. is a fully-owned subsidiary of Walker Resources, Inc., a privately held Texas corporation.

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OPINIONS BELOW

The Trademark Trial and Appeal Board ("TTAB") and the Federal Circuit Court of Appeals ("Federal Circuit") correctly decided that Enterprise's opposition based on the Federal Trademark Dilution Act ("FTDA"), Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c), was barred by *res judicata*. Opinions from prior litigation between these same parties rendered by the United States District Court for the Western District of Texas ("Western District") and by the United States Court of Appeals for the Fifth Circuit ("Fifth Circuit") precluded Enterprise's opposition. *See, Advantage Rent-A-Car, Inc. v. Enterprise Rent-A-Car Co.*, A 98CA 372, slip. op. at 1 (W.D. Tex. Oct. 25, 1999), and *Advantage Rent-A-Car, Inc. v. Enterprise Rent-A-Car Co.*, 238 F.3d 378, 57 USPQ.2d 1561 (5th Cir. 2001). The opinion of the Western District is attached in the *Respondent's Appendix* at pp. 6 to 23. The opinion of the Fifth Circuit is attached in the *Respondent's Appendix* at pp. 24 to 31. Indeed, Enterprise made essentially the same arguments concerning the FTDA to the Western District that it now presents to this Court, and failed to re-urge them on appeal to the Fifth Circuit. This raises a serious question of whether it was entitled to re-raise them to the TTAB or the Federal Circuit, and whether it is entitled to present them to this Court.

STATEMENT OF THE CASE

Respondent disagrees strongly with Petitioner's presentation of the so-called "undisputed background facts." *Petition for Writ of Certiorari* at pp. 2-5. Petitioner's rendition is often unsupported by the record, mischaracterizes facts, and, in part, is flatly inaccurate.

Enterprise had its full day in court on the issue of dilution under the FTDA in 1999 during which Enterprise was afforded every opportunity to prove that its mark was "famous." Enterprise could not prove that its slogan "We'll Pick You Up" had the requisite recognition to be accorded the same protection under dilution theories as marks such as KODAK, EXXON, STEINWAY or BUICK. Petitioner's misstatement of the facts is representative of its continuing attempt to relitigate that which it has already lost. This Petition illustrates the mischief that Enterprise's theories would wreak, if accepted.

At least as early as 1990, Advantage began using the slogan "We'll Even Pick You Up" to identify and distinguish its rental car services from the services of others. The slogan has been promoted through use in a television advertisement that aired primarily on the San Antonio Spurs Network and, more recently, on sports programming on the Fox Sports Network. *Respondent's Appendix* at p. 8. Contrary to Petitioner's representation, *see Petition for Writ of Certiorari* at p. 3, Enterprise's own trial exhibit demonstrated that the advertisement had been aired in every year since its first use in 1990 until trial. Enterprise's Trial Exhibit 7, *Respondent's Appendix* at p. 33.

Advantage and Enterprise are direct competitors in the rental car industry. Four years after Advantage began use of its slogan and during the peak of Advantage's use, Enterprise began use of the composite slogan "Pick Enterprise. We'll Pick You Up." *Respondent's Appendix* at pp. 8-9; *see* Enterprise's Trial Exhibit 7, *Respondent's Appendix* at p. 33. Contrary to Enterprise's representation, *see Petition for Writ of Certiorari* at p. 1, Enterprise introduced no trademark search into evidence and no opinion of counsel. Moreover, it is almost inconceivable that managers for

Enterprise working in the broadcast area of the San Antonio Spurs Network (which extends throughout Texas and into surrounding states and which testimony at trial demonstrated was available by satellite throughout the United States) were unaware of the use by Advantage – a direct competitor – of its slogan. For Enterprise, who was the second party to use the slogans at issue, to try to characterize Advantage as the "copyist" is disingenuous, at best.

Enterprise, in its "undisputed background facts," tries to attach a negative inference (as "undisputed") to the meeting of Advantage's management and lawyers in 1997. *Petition for Writ of Certiorari* at p. 3. The Western District, who heard all the witnesses and judged their credibility, attached the most logical inference to that meeting – that it was held by Advantage to determine whether Advantage could take action against the second-comer Enterprise. As noted by the Western District: "In January 1997, Advantage discussed this use by Enterprise at an executive meeting, but Advantage did not take any action at that time." *Respondent's Appendix* at p. 10. Advantage was first in time and first in rights.

At trial, Enterprise had every opportunity to present evidence to show that its slogan was famous, or even sufficiently distinctive under state law, but failed. Enterprise mischaracterizes the Western District's treatment of Enterprise's survey evidence by asserting that the Western District found that Enterprise "missed the mark by 0.4%." *Petition for Writ of Certiorari* at p. 4. To the contrary, the Western District noted that the survey (which was completed in 1999) was a highly aided survey that prompted the respondents with Enterprise's name and the slogan at issue. As a result, the Western District observed that the

survey provided no indication of the real level of recognition that the slogan would have enjoyed without such prompting. *Respondent's Appendix* at p. 19. At that time, Enterprise had spent over 100 million dollars on its advertising, but the advertising has always emphasized Enterprise and not the slogan. The effect of this emphasis is reflected by the fact that despite the aided nature of Enterprise's survey, recognition of the slogan with Enterprise did not even make the 50% threshold viewed by some as a bare minimum for asserting fame.

Enterprise's assertions of having spent another 150 million dollars are unsupported by any evidence that has been subjected to cross-examination or scrutiny as to the effect of such efforts. In short, the slogan was not famous in 1999 and there has been no cogent evidence or finding that it is famous today.

Significantly, in May 1999, prior to trial, Enterprise stipulated that the respective uses of the respective slogans was not likely to cause confusion anywhere in the United States – thereby disposing of Advantage's and Enterprise's trademark infringement and unfair competition claims against each other throughout the United States. *See* the Partial Consent Judgment at *Respondent's Appendix* 1 to 4. This stipulation left only Enterprise's dilution counts in the litigation.

Advantage thereafter filed a motion for summary judgment on the dilution claims under the FTDA. In responding to Advantage's motion for summary judgment on the FTDA, Enterprise presented the identical arguments to the district court concerning the construction of the word "begins" in the FTDA and possible territorial application of the FTDA as a reason why all relief under

the FTDA should not be denied. The Western District took this motion under advisement and ultimately denied it as moot in view of the district court's denial of all relief under the FTDA because Enterprise's mark was not sufficiently distinctive or famous.

Enterprise appealed the decision of the Western District to the Fifth Circuit and raised issues attacking the findings and conclusions of the district court relative to the FTDA. Enterprise, however, failed to reiterate its arguments concerning the possible territorial application of the FTDA as a ground for reversal of or limitation of the total denial of all relief under the FTDA.

On August 5, 1999, amendments to Sections 13 and 14 of the Lanham Act, 15 U.S.C. §§ 1063 and 1064, to allow assertion of the FTDA as grounds for opposition and/or cancellation became effective as law. Trademark Amendments Act of 1999, Pub. L. No. 106-43, 113 Stat. 218 (hereinafter often referred to as the "Trademark Amendments Act of 1999").

On August 15, 2000, Advantage's trademark application, which had been filed in 1999, was published for opposition. On August 18, 2000, Enterprise concurrently filed its notice of opposition to Advantage's application alleging dilution under the FTDA as its only basis for the opposition. Enterprise concurrently moved to stay the opposition on the grounds that the disposition by the Fifth Circuit of Enterprise's FTDA dilution claim would be **"dispositive"** of the opposition.

In doing so, Enterprise represented to the TTAB that the opposition should be stayed because the issues upon which the opposition was based were duplicative of and identical to the issues that had been tried and were on appeal to the Fifth Circuit. Hence, Enterprise represented

that the decision of the Fifth Circuit would be (and was) dispositive of the dilution issues in the opposition.

On January 22, 2001, the Fifth Circuit affirmed the district court's holding that Enterprise's slogan is not sufficiently famous (even in the relevant niche market) for protection under the FTDA. *Respondent's Appendix* at p. 24-31; *Advantage Rent-A-Car*, 238 F.3d at 381.

After Enterprise lost its case under the FTDA before the Fifth Circuit, it failed to file a *Petition for Writ of Certiorari* thereby rendering all matters in the litigation final. Notwithstanding this result, Enterprise has now tried to resurrect before the TTAB the same arguments regarding construction of the FTDA that it tried on the Western District. It also moved for leave to add state dilution claims to its opposition (with absolutely no supporting authority). The TTAB denied Enterprise's motion for leave to amend to add state law dilution claims as a ground for opposition and granted summary judgment dismissing Enterprise's opposition with prejudice on the grounds of *res judicata*.

On appeal, the Federal Circuit affirmed the decision of the TTAB finding Enterprise's argument to be contrary to the clear intent of the FTDA that any prior use defeats a claim of dilution as a ground for opposition.

In short, the copyist Enterprise had its day in court and lost. Notwithstanding its loss, Enterprise has improperly sought a second bite of the apple and has lost again. This litigation should be concluded.

REASONS FOR DENYING THE WRIT

The decision of the Federal Circuit Court of Appeals is consistent with the expressly stated intent of the Lanham Act "to protect registered marks . . . from interference by State, or territorial legislation," 15 U.S.C. § 1127. It is also consistent with the plain language of the Lanham Act and the FTDA which allows opposition *and cancellation* proceedings based on dilution only "under Section 43(c)," 15 U.S.C. §§ 1063 and 1064; and which provides dilution protection under the FTDA only if the mark at issue is famous before a defendant "begins" use, 15 U.S.C. § 1125(c). Moreover, the decision comports with fundamental public policy. The Federal Circuit's decision does not eliminate state anti-dilution laws or statutes, or otherwise affect such state laws, except as is necessary to harmonize the state laws with the expressed intent of the Lanham Act. Finally, the decision properly rejects construing the FTDA by analogy to the common law territorial treatment of trademarks under cases such as *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 36 S.Ct. 357, 60 L.Ed. 713 (1916), as is urged by Enterprise because "[u]nlike traditional infringement law, the prohibitions against trademark dilution are not the product of common-law development, and are not motivated by an interest in protecting consumers." *Moseley v. V. Secret Catalogue, Inc.*, 537 U.S. 418, 429, 123 S.Ct. 1115, 1122, 155 L.Ed.2d 1, 12 (2003).

The case was correctly decided below. This is a private trademark dispute between competitors that contains no issues of substantial public significance. Accordingly, the Petition should be denied.

I. The Intent And Purpose Of The Lanham Act Is, In Part, To Provide A Registration And Notice System For Trademark Owners That Secures Rights Free From Interference By State Or Territorial Legislation; Enterprise's Position Is Totally Contrary To That Intent And Purpose.

Section 45 of the Lanham Act, 15 U.S.C. § 1127, states, in pertinent part, as follows:

> "The intent of this Act is . . . to protect registered marks used in . . . commerce from interference by State, or territorial legislation . . ."

Consistent with this intent, the Lanham Act provides a registration system whereby a small, regional business may adopt a mark and apply for a federal registration in order to secure for itself the right to expand use of the mark nationwide if the registration issues. *See* Lanham Act §§ 1-3 and 7, 15 U.S.C. §§ 1051, 1052, 1053, and 1057.

This system serves two important public purposes. First, it secures for the trademark owner its investment in its mark by enabling the owner to expand nationwide, subject only to rights that pre-existed the filing of the application for registration. *See* 15 U.S.C. § 1052(d) (which provides that a mark alleged to be conflicting on the grounds of likelihood of confusion must have been "previously used in the United States by another and not abandoned"). This provides a degree of certainty that fosters and supports investment and free enterprise. Second, it provides a means for the trademark owner to provide notice of its claim of rights throughout the United States.

Recognizing that mistakes could be made in the registration process, the Lanham Act provides that an

application can be opposed before registration, 15 U.S.C. § 1063, and a registration can be cancelled after issuance, under appropriate circumstances. 15 U.S.C. § 1064. The available grounds for opposing a registration or seeking to cancel a registration are generally identical. *See* Lanham Act §§ 13 and 14, 15 U.S.C. §§ 1063 and 1064. Prior to passage of the FTDA, consistent with the intent that the federal registrations not be interfered with by state laws, these grounds never included state dilution statutes. *See Max Factor & Co. v. Clairol, Inc.*, 163 USPQ 240, 243 (TTAB 1969); *Geo. A. Dickel Co. v. General Mills, Inc.*, 317 F.2d 954, 956, 137 USPQ 891, 892 (CCPA 1963); *K2 Corp. v. Philip Morris, Inc.*, 192 USPQ 174, 177 (TTAB 1976), *aff'd*, 555 F.2d 815, 194 USPQ 81 (CCPA 1977).

The provisions of the FTDA, as construed by the Federal Circuit, are totally consistent with the intent of the Lanham Act and the registration system provided under the Lanham Act. The FTDA provides that the owner of an allegedly famous mark is entitled to relief against an allegedly diluting use by another only if the use by the other "begins after the mark has become famous." 15 U.S.C. § 1125(c). The construction of this language by the Federal Circuit to find that "begins" means any use, provides certainty to the small business that if it adopts and uses a mark before another person's mark becomes famous, it can continue to invest in that mark and expand use of the mark throughout the United States without fear that after-acquired fame can cause liability under the FTDA. The statute reads "begins." It does not read "expands," "changes," "alters," etc.

The FTDA also provides that ownership of a valid registration is a complete bar to an action against the registrant under the common law or statute of a state that

seeks to prevent dilution. *See* Lanham Act § 43(c)(3), 15 U.S.C. § 1125(c)(3). This provision is critical to the implementation of the intent of the Lanham Act to protect registered marks used in commerce from interference by state legislation. Contrary to the suggestion by Enterprise in its Petition, *Petition for Writ of Certiorari* at p. 8, the statute expressly preempts the state law of dilution from interference with the use of federally registered marks. The district court cases cited by Enterprise, *Petition for Writ of Certiorari* at p. 8, did not consider Section 43(c)(3) or its effect. It is clear that Section 43(c)(3) preempts the state law of dilution from interfering with the rights of a federal registrant. *Viacom, Inc. v. Ingram Enterprises, Inc.*, 141 F.3d 886, 890-891 (8th Cir. 1998).

On this framework in which the state law of dilution had never been a basis for opposition or cancellation of registrations and in which the state law of dilution is expressly preempted from interfering with the use of a federally registered mark, Congress enacted the Trademark Amendments Act of 1999 to provide that dilution "under Section 43(c)" was a basis for both opposition, Lanham Act § 13, 15 U.S.C. § 1063, and for cancellation, Lanham Act § 14, 15 U.S.C. § 1064. The fact that the identical language was used for both oppositions in Section 13 and cancellations in Section 14 unequivocally establishes that Congress did not implicitly intend to make state dilution a basis for opposing or attacking registrations. It would turn the Lanham Act on its head to make every **federal** registration subject to cancellation based on differing laws of dilution of the various states, especially

when the existence of the registration bars any action under state dilution law.

Contrary to the arguments of Enterprise, this statutory scheme does *not* "effectively abolish all state law remedies relating to trademark dilution." *Petition for Writ of Certiorari* at p. i. Rather, it only preempts them in the narrow situation in which a party is able to get a federal registration because its mark is not likely to cause confusion with another's mark and its use was begun before the other's mark became famous. That narrow exception is consistent with, and necessary to, the intent of the Lanham Act. It leaves the state laws of dilution available for all other situations that might arise.

Accordingly, the Lanham Act and the FTDA, as construed by the Federal Circuit in the decision below, provides a statutory framework that fully implements and enforces the expressly stated intent of the Lanham Act. A small business can adopt a mark that is not likely to cause confusion with the mark of another, and does not dilute another's mark that is famous **at the time of adoption and first use**, and register that mark. Thereafter, the small business can expand use of the mark throughout the United States with the certainty that its investment in its mark and the corresponding goodwill will not be jeopardized or interfered with by a state statute or by a large company who happens to have the resources to develop fame *after* the small business has begun its investment. The case was correctly decided by the Federal Circuit, and is consistent with the intent of the Lanham Act and fundamental public policy.

II. Enterprise's Argument That Dilution Under State Law Was Added As A Basis For Opposition And Cancellation Is Not Supported By The Congressional Record Or By *Logic*.

The expressly stated intent of the Lanham Act is "to protect registered marks used in such commerce from interference by State, or territorial legislation . . ." 15 U.S.C. § 1127. Consistent with this expressly stated intent, the FTDA provides that ownership of a valid registration is a complete bar to an action against the registrant under state common or statutory dilution laws. *See* 15 U.S.C. § 1125(c)(3). Enterprise's proposition that the TTAB should entertain state anti-dilution claims in opposition and cancellation proceedings therefore runs directly counter to the stated intent of the Lanham Act and the express provisions of the FTDA itself. If Enterprise's position were adopted, the *federal* registration of any mark could be opposed or cancelled based upon any *state* dilution law. This would offer up every federal registration that is less than five years old to being held hostage to opposition or cancellation (contrary to the plain meaning of Section 43(c)(3) of the FTDA) under any of the various state dilution statutes or laws – no matter how much the state law differed from the FTDA. Such a position is clearly unfounded.

Enterprise claims that the Lanham Act does not limit the type or nature of the damage that can provide the basis for opposition, apparently ignoring the expressly stated intent of the Lanham Act. Enterprise also deftly ignores the fact that the only dilution basis for opposition provided in the statute specifically states "dilution under Section 43(c)" as the basis for opposition. 15 U.S.C. § 1063. As noted by the Federal Circuit, there is nothing in the

legislative history of the Trademark Amendments Act of 1999 to suggest that the intent of the amendment was to add any other basis besides *federal* dilution under the FTDA as a ground for opposition or cancellation. More importantly, the legislative history is void of any suggestion that Congress intended to allow interference with *federal* registrations by the laws of the fifty *states* contrary to the expressly stated intent of the Lanham Act.

Prior to the Trademark Amendments Act of 1999, the Lanham Act did not specifically address whether dilution under the FTDA could serve as the basis for an opposition or cancellation proceeding.[1] In *Babson Brothers Co. v. Surge Power Corp.*, 39 USPQ.2d 1953 (TTAB 1996), the TTAB reviewed the Lanham Act and found that it did not authorize a trademark owner to oppose or petition to cancel the registration of a mark on the basis of dilution under the FTDA. The Board also found nothing in the legislative history of the Lanham Act that suggested that dilution under the FTDA was intended to provide a basis for opposition or cancellation. This ruling led to the situation in which owners of famous marks could not oppose a published application that diluted their mark, but rather had to wait until the mark was registered and then bring a dilution action in federal court.

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[1] Prior to the FTDA, it was clear that state dilution law could not provide the basis for opposition or cancellation of a registration. *Max Factor & Co. v. Clairol, Inc.*, 163 USPQ 240, 243 (TTAB 1969); *Geo. A. Dickel Co. v. General Mills, Inc.*, 317 F.2d 954, 956, 137 USPQ 891, 892 (CCPA 1963); *K2 Corp. v. Philip Morris, Inc.*, 192 USPQ 174, 177 (TTAB 1976), *aff'd*, 555 F.2d 815, 194 USPQ 81 (CCPA 1977).

Section 2 of the Trademark Amendments Act of 1999 was enacted to alter this scenario by specifically allowing an opposition or cancellation based on Section 43(c) of the Lanham Act, the FTDA, in the following language:

> "(a) Registrable Marks. – Section 2 of the Act entitled 'An Act to provide for the registration and protection of trade-marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes' (in this Act referred to as the "Trademark Act of 1946") (15 U.S.C. 1052) is amended by adding at the end the following flush sentences: "A mark which when used would cause dilution under section 43(c) may be refused registration only pursuant to a proceeding brought under section 13. A registration for a mark which when used would cause dilution under section 43(c) may be canceled pursuant to a proceeding brought under either section 14 or section 24."

Trademark Amendments Act §2 (1999).

Enterprise alleges, however, that its position is justified by the *absence* of an indication in the legislative history of the Trademark Amendments Act of 1999 of an intent to preclude state law claims. *Petition for Writ of Certiorari* at p. 9. But, given the expressly stated intent of the Lanham Act to protect registered marks from interference by state legislation, Congress would have no reason to consider or comment on state laws at all because the expressed intent is that the state laws should have no effect whatsoever. For Enterprise's argument to have any merit, Congress would have had to expressly state that the legislation was intended to be contrary to the previously stated intent of the statute. This did not happen. Rather, the legislative history makes numerous references to the

FTDA and the intent to allow dilution under "Lanham Act 43(c)" – under federal law – to be asserted as a basis for opposition and cancellation proceedings.

In the section entitled "Background and Need for the Legislation" of the House Congressional Report (H.R. Rep. No. 250, 100th Cong., 1st Sess. (1999)), the motivation behind adopting the Trademark Amendments Act of 1999 is explained as follows:

> "Section two provides holders of famous marks with a right to oppose or seek cancellation of a mark that would cause dilution as provided in the Dilution Act. In 1996, the 'Federal Trademark Dilution Act of 1995' became effective. Pub. L. No. 104 98, 109 Stat. 985 (1996), Lanham Act 43(c), 15 U.S.C. 1125(c)."

The legislative history clearly demonstrates that Section 2 of the Trademark Amendments Act was meant only to clarify the Federal Trademark Dilution Act of 1995, Section 43(c) of the Lanham Act, by expressly making it a basis for cancellation and opposition proceedings. There is no indication anywhere in the legislative history that the Trademark Amendments Act of 1999 was intended to expand the jurisdiction of the TTAB beyond federal issues. There is simply no reasonable basis for Enterprise's position.

In short, the Federal Circuit correctly decided that state dilution law does not provide a basis for opposition or cancellation of a federal registration.

III. Enterprise's Attempts To Analogize The FTDA To Trademark Common Law Are Misguided And Would Wreak Havoc On Trademark Jurisprudence If Followed.

Enterprise attacks the Federal Circuit's construction of the word "begins" in the FTDA by attempting to draw an analogy to the common law of trademarks. Enterprise argues that traditional common law trademark rights are territorial and that rights under the FTDA should similarly be territorial. Under Enterprise's theory, once Enterprise's mark becomes "famous," the acquisition of such fame should freeze even senior users of similar marks from any expansion into new territories.

To begin, Enterprise's reliance on the common law of trademarks for analogy is totally misplaced. The FTDA is a statutory creature which should be interpreted consistent with its plain language and common sense. As explained by this Court:

> "Traditional trademark infringement law is a part of the broader law of unfair competition, see *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 413, 60 L.Ed. 713, 36 S.Ct. 357, 1916 Dec. Comm'r Pat. 265 (1916), that has its sources in English common law, and was largely codified in the Trademark Act of 1946 (Lanham Act). See B. Pattishall, D. Hilliard, & J. Welch, Trademarks and Unfair Competition 2 (4th ed. 2000) ("The United States took the [trademark and unfair competition] law of England as its own"). That law broadly prohibits uses of trademarks, trade names, and trade dress that are likely to cause confusion about the source of a product or service. See 15 U.S.C. §§ 1114, 1125(a)(1)(A). Infringement law protects consumers from being

> misled by the use of infringing marks and also protects producers from unfair practices by an 'imitating competitor.' *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 163-164, 131 L.Ed.2d 248, 115 S.Ct. 1300 (1995).
>
> . . .
>
> Unlike traditional infringement law, the prohibitions against trademark dilution are not the product of common-law development, and are not motivated by an interest in protecting consumers."

Moseley, 537 U.S. at 428-429, 123 S.Ct. at 1122.

The plain language of the statute provides that the owner of the allegedly famous mark is entitled to relief only if the use by the other "**begins** after the mark has become famous." The statute does not say "begins or alters" or "begins or expands" or "begins or changes." It just says "begins."

The interpretation by the Federal Circuit of this plain language to mean that any use prior to acquisition of fame is sufficient to preclude relief is an interpretation that is consistent with public policy and common sense. This interpretation means that when a small, regional business adopts and uses a mark, its ability to continue and expand its use will be subject only to rights that truly existed prior to such adoption and use.

To construe the FTDA as urged by Enterprise would turn the FTDA into the "Big Company Act." Any company with the resources to sufficiently advertise and promote a designation so as to create an argument that the mark is famous could thereafter go after smaller regional competitors and limit the smaller competitors' ability to grow their

use, regardless of who was the first to use the marks at issue and regardless of when the big company's mark allegedly became famous. All that would matter under Enterprise's theory is that the small company is trying to expand into a new territory after the big company's mark allegedly became famous.

As evidenced by the present Petition, Enterprise's theory would also provide no end to litigation. Under Enterprise's theory, if Enterprise is unable to prove fame in 2003, it would not be precluded from either bringing suit or bringing an opposition or cancellation proceeding in 2004, or 2005, or 2006, or 2007, etc. So long as the smaller competitor, Advantage, was trying to expand into new territory, such expansion would be a new "beginning" (under Enterprise's theory) that would entitle Enterprise to bring a new suit against Advantage. Common sense mandates that the FTDA cannot be construed as urged by Enterprise.

The construction of 15 U.S.C. § 1125(c) by the Federal Circuit is consistent with the plain meaning of the statute and is the only possible construction that is consistent with logic and reason. This should end all inquiry. *See Robinson v. Shell Oil Co.*, 519 U.S. 337, 340, 117 S.Ct. 843, 846, 136 L.Ed.2d 808, 813 (1997) ("Our inquiry must cease if the statutory language is unambiguous and the 'statutory scheme is coherent and consistent.'") (quoting *U.S. v. Ron Pair Enters., Inc.*, 489 U.S. 235, 240, 109 S.Ct. 1026, 103 L.Ed.2d 290 (1989)). The Federal Circuit correctly construed the FTDA and the Petition should be denied.

IV. The Present Action Is Illustrative Of The Potential For Endless, Successive Litigation That Enterprise's Theories Would Engender; The Federal Circuit Properly Rejected Such Theories

After a full trial on the merits and a full appeal, Enterprise was denied all relief under the FTDA. In affirming the Western District, the Fifth Circuit stated:

> "To prevail on its federal dilution claim, Enterprise must prove that its slogan is 'famous and distinctive;' that Advantage **adopted** its mark after Enterprise's had become 'famous and distinctive;' and that Advantage caused dilution of Enterprise's mark."

Advantage Rent-A-Car, 238 F.3d at 380 (emphasis added); *Respondent's Appendix* at p. 27.

As discussed above, this construction of the FTDA is consistent with the language and the corresponding plain meaning of the statute. Enterprise was unable to prove that its slogan was sufficiently famous, even within the car rental market, to invoke the FTDA.

Consistent with the rulings of the Western District and the Fifth Circuit, the TTAB dismissed Enterprise's opposition on the grounds of *res judicata*. Yet Enterprise continues to relitigate the fame of its mark long after Advantage began use of its mark and after the law of the case had been established against Enterprise.

As part of its effort to relitigate its claims, Enterprise resurrects and presents as an alleged issue of first impression the argument that Advantage's allegedly geographically limited use of a trademark without a trademark registration can only be a defense to a claim under the FTDA for a

correspondingly geographically limited area. Enterprise's argument is essentially that each use in a new geographic area is a new "beginning" subject to a new right for a plaintiff to assert a new action under the FTDA. But Enterprise previously submitted the identical argument to the Western District in the prior proceedings in Defendant's Opposition to Plaintiff's Motion for Partial Summary Judgment on Defendant's Federal Dilution Counterclaim. In particular, Enterprise argued for its construction of the word "begins" the following:

> "Rights under the Lanham Act are territorial for non-registered marks; Advantage's argument that the FTDA should be construed to preclude enforcement due to Advantage's prior, limited use is contrary to the trademark policy under the Lanham Act and is contrary to trademark precedent . . .
>
> Advantage badly misconstrues the plain language of the FTDA in arguing that so long as its use of "We'll Even Pick You Up" began somewhere prior to Enterprise's mark becoming famous, Advantage should be allowed to later expand its use at will. Advantage Memo at 9-10. First, the statute does not say what Advantage contends. Second, this interpretation is inconsistent with the territorial restrictions on non-federally registered trademarks when confronted by a subsequently obtained federally registered trademark. Advantage cites no cases to support its position . . . Enterprise seeks an injunction against Advantage's use in commerce of 'We'll Even Pick You Up' for all area or states where its use began after Enterprise's federally registered slogans became famous. That is exactly what the statute states."

Opposition to Motion for Summary Judgment at p. 18.

In the prior proceedings, the Western District withheld ruling on Advantage's motion for summary judgment pending trial. After a full trial on the merits, the district court found that Enterprise's mark was not famous under the FTDA and denied all relief without limitation as to territory. The clear implication of the Western District's ruling is that the Western District accepted that "begins" in 15 U.S.C. §1125(c) means just that – begins anywhere – and rejected Enterprise's arguments regarding limited geographic usage. Enterprise did not appeal this implicit ruling by the Western District or otherwise seek clarification of the Western District's denial of all relief.

On appeal, the Fifth Circuit affirmed the district court's holding that "We'll Pick You Up" is not sufficiently famous for the FTDA, but remanded for a determination of fame only under Texas and Louisiana law. In doing so, the Fifth Circuit reiterated that "begins" means just that, by explaining that Enterprise must prove "that Advantage **adopted** its mark after Enterprise's had become 'famous and distinctive.'" *Advantage Rent-A-Car*, 238 F.3d at 380 (emphasis added). Enterprise did not file a Petition for Writ of Certiorari from the Fifth Circuit's decision. Hence, all issues relating to the FTDA became final. The matter was raised and foreclosed. Enterprise should now be barred by *res judicata* from again presenting their arguments regarding the meaning of "begins."

As the TTAB noted in dismissing Enterprise's opposition on the grounds of *res judicata*, "[i]n opposing the motion for summary judgment, opposer takes issue with the conclusions of the district court and the Fifth Circuit. If opposer disagreed with the outcome in the district court and the Fifth Circuit, the Board is not the appropriate forum to obtain relief. Opposer may not collaterally attack

the judicial proceedings in this forum." *Petitioner's Appendix* at p. 38. Enterprise's assertion that the dilution claims in the current case are based on a different set of transactional facts than its claims in the prior litigation is nothing more than an improper attempt to relitigate what it has already lost. This case is a classic example of the mischief that Enterprise's legal theories would yield.

V. Enterprise's Criticism Of The Federal Circuit's Reference To The Concurrent Use Provisions Of The Lanham Act Demonstrates Enterprise's Misunderstanding Of Trademark Law And The Lanham Act.

Enterprise criticizes the Federal Circuit's reference to the concurrent use provisions of the Lanham Act, stating that "[n]either party raised that issue. . . . " *Petition for Writ of Certiorari* at p. 19. Apparently, Enterprise is unaware that the concurrent use provisions are the Lanham Act codification of the common law doctrines set forth in *Hanover Star Milling*, 240 U.S. 403 (1916) and its progeny. Hence, Enterprise, itself, implicitly raised the concurrent use provisions by trying to draw an analogy to *Hanover* and the "nearly a century" of common law. The Federal Circuit therefore properly looked to concurrent use proceedings as a basis to clarify Enterprise's arguments:

> "While Enterprise's argument is less than clear, apparently Enterprise contends that it should be treated like a junior user that has obtained registration, entitling it to priority of use throughout the United States, except where Advantage was the prior user. It is, therefore, supposedly entitled to defeat a nationwide registration of the mark by Advantage. It is clear that Congress rejected this approach.

> There is no provision in the Lanham Act to allow for concurrent use registration in the dilution context."

Petitioner's Appendix at p. 21.

The Federal Circuit then properly noted that the concurrent use provisions did not contemplate concurrent use registrations in the dilution context. *Petitioner's Appendix* at p. 21. Instead, the section of the Lanham Act that addresses concurrent use registrations was amended consistent with the construction of the Lanham Act given by the Federal Circuit. *Petitioner's Appendix* at pp. 21-22. 15 U.S.C. § 1052(f) (2000). The Federal Circuit properly addressed and rejected Enterprise's arguments.

CONCLUSION

The decision below is in accord with the intent of the Lanham Act, with the plain language of the FTDA and the Lanham Act, and with public policy. There is no issue of significant public moment for this Court to address. The Petition should be denied.

Respectfully submitted,

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IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

ADVANTAGE RENT-A-CAR, INC., Plaintiff, v. ENTERPRISE RENT-A-CAR COMPANY, Defendant.	CASE NO. A98CA 372 SS

PARTIAL CONSENT JUDGMENT

(Filed May 24, 1999)

The parties hereto having agreed to the entry of the following findings of fact and conclusions of law finally disposing of the three counts asserted by Advantage Rent-A-Car, Inc. ("Advantage") and the first four and seventh counterclaims asserted by Enterprise, Rent-A-Car Company ("Enterprise"), it is hereby ORDERED, ADJUDGED and DECREED that:

1. The use by Enterprise of "PICK ENTERPRISE. WE'LL PICK YOU UP."; PICK THE COMPANY THAT PICKS YOU UP; and WE'LL PICK YOU UP in connection with the advertising to date and/or promotion to date of the rental and leasing of vehicles and of the arranging for the rental and leasing of vehicles is not likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of Enterprise with Advantage or as to the origin, sponsorship or approval of Enterprise's goods, services or

commercial activities by Advantage; and does not constitute use in commerce of a false designation of origin or false or misleading representation of fact.

2. The use by Advantage of WE'LL EVEN PICK YOU UP in connection with the advertising to date and/or promotion to date of the rental and leasing of vehicles and of the arranging for the rental and leasing of vehicles is not likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of Advantage with Enterprise or as to the origin, sponsorship or approval of Advantage's goods, services or commercial activities by Enterprise; does not constitute use in commerce of a false designation of origin or false or misleading representation of fact; and does not constitute use in commerce of a reproduction, counterfeit, copy of colorable imitation of any of Enterprise's registered slogans in connection with the sale, offering for sale, distribution, or advertising of the rental and leasing of vehicles or of the arranging for rental and leasing of vehicles which is likely to cause confusion, or to cause mistake, or to deceive.

3. Factors taken into account in reaching the conclusion of paragraphs 1 and 2 include: the advertisements of each of the parties prominently feature the house mark of the respective party and do not use other marks or indicia of the other party or that refers to the other party. It is also noted that both of the parties feature a person being picked up in order to emphasize the respective double entendre of the respective slogans of the parties, but this additional common feature does not create a likelihood of confusion in the advertising to date.

4. Subject only to the possibility of a violation of the Federal Trademark Dilution Act, 15 U.S.C. § 1125(c), if properly applicable, or the possibility of a violation of state dilution law, if properly applicable, the use by Advantage of WE'LL EVEN PICK YOU UP in connection with the advertising and/or promotion of the rental and leasing of vehicles and of the arranging for the rental and leasing of vehicles in its advertising to date does not violate any rights of Enterprise in its slogans, if any, under the Lanham Act or under the law of any state or territory of the United States that is based on likelihood of confusion.

5. The use by Enterprise of WE'LL PICK YOU UP; "PICK ENTERPRISE. WE'LL PICK YOU UP."; and PICK THE COMPANY THAT PICKS YOU UP in connection with the advertising and/or promotion of the rental and leasing of vehicles and of arranging for the rental and leasing of vehicles in its advertising to date does not violate any rights of Advantage in its slogan, if any, under the Lanham Act or under the law of any state or territory of the United States that is based on likelihood of confusion.

6. This ruling is based upon the use to date by the parties of their respective advertisements and does not foreclose actions based on future use of the slogans in combination with or alteration of features, wherein such combination or alteration of features creates a likelihood of confusion.

7. Advantage's "Complaint for Unfair Competition And Trademark Cancellation" is hereby dismissed with prejudice.

8. Enterprise's First, Second, Third, Fourth and Seventh Counterclaims are hereby dismissed with prejudice.

9. Jurisdiction and venue in this District are proper for Enterprise's Fifth and Sixth Counterclaims relating to dilution, and these counterclaims remain in the case for further consideration and are not dismissed by this Partial Consent Judgment.

10. Each of the parties pursued its claims based on likelihood of confusion in good faith. The pursuit of these claims by either party does not render this an exceptional case under 15 U.S.C. § 1117. Each party shall therefore bear its own attorney fees.

SIGNED and ENTERED this 24th day of May, 1999.

/s/ Sam Sparks
UNITED STATES
DISTRICT JUDGE

AGREED:

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IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

ADVANTAGE RENT-A-CAR, INC.	§	
	§	
vs.	§	NO. A 98 CA 372 SS
	§	
ENTERPRISE RENT-A-CAR COMPANY	§	
	§	

FINDINGS OF FACT and CONCLUSIONS OF LAW

(Filed Oct. 25, 1999)

BE IT REMEMBERED that on the 21st day of July 1999 the Court called the above-styled cause for trial, and the parties appeared by designated representative and by representation of counsel. All parties announced ready for trial, and trial proceeded before the Court. Enterprise Rent-A-Car Company ("Enterprise") claims that Advantage Rent-A Car, Inc. ("Advantage") is diluting Enterprise's trademark in violation of the Federal Trademark Dilution Act, 15 U.S.C. § 1125(c), as well as the anti-dilution statutes of Texas, Arkansas, New Mexico, and Louisiana. Enterprise seeks injunctive relief as well as compensatory damages and attorneys fees. Having considered all of the evidence presented at trial, the oral arguments and written briefs of counsel, and the applicable law, the Court concludes Enterprise is not entitled to relief because the slogan at issue is not sufficiently famous or distinctive to receive protection under the Federal Trademark Dilution Act. Accordingly, the Court enters the following findings and order.

Findings of Fact

Advantage is a Texas corporation with its principal place of business in San Antonio, Texas. Advantage currently has business operations in Texas, New Mexico, Arizona, California, Nevada, Washington, Utah, Colorado, and Oklahoma. *See* Defendant's Exhibit 131. Enterprise is a Missouri corporation with its principal place of business in St. Louis, Missouri. Enterprise has business operations in all fifty states. Both companies serve the rental car markets. This market is divided into two segments – one that caters primarily to business and leisure travelers and one that provides replacement cars to drivers whose cars are in the shop for repair. Historically, Advantage focused primarily on the business and leisure traveler market, and Enterprise focused on the replacement market. Currently, both companies are active in both segments of the rental car market.

Most companies in the replacement market provide some type of pick-up service to their customers and use various slogans or phrases to connote this service. Since 1965, Advantage has used over thirty different phrases to inform consumers about its pick-up service, including "We'd Love To Pick You Up," "They Pick You Up At The Garage," and "We'll Pick You Up From The Garage or Car Dealer And Drop You Off At The Nearest Advantage Location."

In 1990, Advantage produced a television commercial which depicted an actor holding onto a steering wheel.[1] A

[1] Throughout the trial, this commercial was referred to as "Steering Wheel."

voice-over discussed the various reasons the actor might need to obtain a rental car, such as an accident or for a special occasion. At the end of the commercial, a much taller actor entered the frame and lifted the "driving" actor off the ground and into his arms, while the voice-over stated "We'll even pick you up." *See* Plaintiff's Exhibits 148 (text of commercial), 205 (videotape). This commercial aired on the Spurs Network at least 24 times in 1992, and at least 12 times in 1993, at least 17 times in 1994, and at least 49 times by the end of the professional basketball season in May 1995. From August 1997 to April 1998, the commercial aired 289 times on Fox Sports Southwest. This commercial is the only form of advertising in which Advantage used the phrase "We'll Even Pick You Up." Although Advantage has received several federal registrations for various slogans, Advantage did not file an application to register the phrase "We'll Even Pick You Up" until May 3, 1999. *See* Plaintiff's Exhibit 174.

Advantage has produced a total of four television commercials. The other three commercials include a car or other feature that would indicate the relative age of the commercial. Because the Steering Wheel commercial does not depict a specific make or model of vehicle, it is arguably Advantage's only "timeless" commercial. Advantage estimates it has spent over one million dollars on advertising that includes the slogan "We'll Even Pick You Up."

Meanwhile, Enterprise developed the phrases "Pick The Company That Picks You Up" and "Pick Enterprise, We'll Pick You Up" which it began using in advertising on

June 22, 1994.[2] *See* Plaintiff's Exhibit 17, at 2. Enterprise began using "We'll Pick You Up" on August 17, 1995. *See* Plaintiff's Exhibit 16, at 2. Enterprise obtained federal service mark registrations for each of these slogans.[3] *See* Plaintiff's Exhibits 16 & 17. Enterprise has been operating nationally since the mid-1980s and has continuously advertised nationwide since June 1994. Enterprise estimates it has spent over $130 million on advertising that includes the slogan, "We'll Pick You Up." *See* Plaintiff's Exhibits, 1, 168. Enterprise has used this slogan in all of the media forms in which Enterprise advertises including print ads, yellow pages, radio ads, and commercials shown on prime time national television on major broadcast networks and cable stations as well as during high-profile sporting events such as the Final Four tournament. *See* Plaintiff's Exhibits 5, 6, 168. According to Steven Smith, the director of advertising, the bulk of Enterprise's advertising dollars are spent on television ads because it is the most powerful medium and 40% of the budget is spent on yellow pages advertising. Approximately 75% of Enterprise's advertising includes the phrase "We'll Pick You Up." The phrase is not used on billboards or on many of the items with logos, such as caps and t-shirts. *See* Defendant's Exhibit 143.

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[2] Enterprises' director of advertising testified that Enterprise first used the phrase "We'll Pick You Up" in 1989 in a commercial titled "Keys," *see* Plaintiff's Exhibit 201a, and again in 1993 in a commercial titled "Special Delivery Service," *see* Plaintiff's Exhibit 201b, but that the phrase was not used as the company slogan until September 1994. *See* Plaintiff's Exhibit 203b.

[3] U.S. Registration Nos. 1,953,083; 1,948,828, and 2,085,472 respectively.

In early 1995, Advantage became aware of Enterprise's yellow page advertisement using the slogan "Pick Enterprise. We'll Pick You Up." Advantage became aware of Enterprise's television advertising using the slogan "We'll Pick You Up" in late 1996 or early 1997. In January 1997, Advantage discussed this use by Enterprise at an executive meeting, but Advantage did not take any action at that time.

In late 1997, Enterprise became aware of Advantage's use of the slogan "We'll Even Pick You Up" and sent a cease and desist letter to Advantage on March 30, 1998.[4] After exchanging letters with Enterprise, Advantage filed a complaint on June 16, 1998 seeking money damages and equitable relief against Enterprise for false designation of origin under 15 U.S.C. § 1125(a), common law unfair competition, and cancellation of the trademark registration. *See* Complaint [#1], at 1. In its answer, Enterprise asserted four affirmative defenses and seven counterclaims. *See* Corrected First Amended Answer, Affirmative Defenses, and Counterclaims [#32]. On May 24, 1999, the undersigned entered a Partial Consent Judgment [#51] which disposed of Advantage's three counts for relief and five of Enterprise's counterclaims. The parties stipulated that the concurrent use of the disputed slogans was not likely to cause confusion, mistake, or deception as to the origin of the goods and services, in part because each party prominently displayed its housemark in connection with the slogans. On May 26, 1999, Enterprise was granted

[4] Since at least April 1998, Enterprise has regularly attempted to prohibit use of the phrase "We'll Pick You Up" by other rental car companies. *See* Plaintiff's Exhibits 34-39, 41-45.

leave to amend its answer and assert counterclaims under the anti-dilution statues of New Mexico, Arkansas, and Louisiana.

At trial, Enterprise presented a report prepared by Dr. Daniel J. Howard, a professor of marketing at Southern Methodist University. Dr. Howard has a Ph.D. in marketing from Ohio State University. *See* Plaintiff's Exhibit 48. Dr. Howard has conducted more than two hundred previous surveys and has conducted nine other surveys for litigation in which he was certified as an expert. Using five interviewers during January and February 1999, Dr. Howard conducted a telephonic survey of 1210 respondents across four markets. *See* Plaintiff's Exhibit 50, at 1. The Austin/San Marcos metropolitan statistical area was selected because it was exposed to Advantage commercials containing variations of the "We'll Pick You Up" phrase and Advantage rented cars in the area. The Tulsa, Oklahoma and New Orleans, Louisiana metropolitan statistical areas were selected because both received broadcasts of Advantage's commercials, but Advantage did not rent cars in the area. The Phoenix/Mesa metropolitan statistical area was selected because Advantage commercials containing a variation of the "We'll Pick You Up" phrase were not broadcast in the area, but Advantage did offer rental services. *See* Plaintiff's Exhibit 50, at 6. Respondents were randomly selected from these areas who were between 25 and 54 years of age with at least some college education. *See* Plaintiff's Exhibit 50, at 7. These parameters were provided by Enterprise as their consumer base, and Dr. Howard found them to be supported by the MRI Doublebase, which is a highly regarded research corporation whose data would be relied upon by experts in the field. *See* Plaintiff's Exhibit 74. The

names of potential respondents were provided by American Business Lists, a company that Dr. Howard had found to be reliable in the past.

When asked "Which of the following car rental companies have you heard of," 96.9% of the respondents were aware of Enterprise and only 75.8% of the respondents were aware of Advantage. *See* Plaintiff's Exhibit 50, at 14-15. When asked "Do you remember ever hearing or seeing the phrase 'We'll pick you up' used in connection with car rental advertising," 65.5% responded affirmatively. These respondents were then asked which car rental company or companies, if any, they associated with the phrase "We'll pick you up," and 49.6% of the total sample indicated Enterprise, while only 8% of the total sample indicated Advantage. *See* Plaintiff's Exhibit 50, at 16-17.

Conclusions of Law

Trademarks have traditionally been offered less protection than other types of intellectual property. While copyrights and patents have been recognized as the property of their creators, trademarks have traditionally been protected from infringing use only to the extent necessary to protect consumers from deception. *See Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 109 S. Ct. 971, 981 (1989) ("[The law of unfair competition]'s general concern is with protecting consumers from confusion as to source. While that concern may result in the creation of 'quasi-property rights' in communicative symbols, the focus is on the protection of consumers, not the protection of producers as an incentive to product innovation."); *see also* Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58

U.PITT.L.REV. 789 (1997) (arguing that the traditional focus on consumer confusion has enabled trademarks to promote market efficiency and consumer welfare and criticizing dilution protection as creating trademark rights in gross with anticompetitive results).

For nearly fifty years, various states have enacted antidilution statutes, which break away from the consumer protection model of trademark rights. *See id.* at n.18 (listing statutes). In 1996, Congress enacted a federal antidilution statute. *See* Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (codified at 15 U.S.C. §§ 1125(c), 1127); *see also* J. Thomas McCarthy, *The 1996 Federal Anti-Dilution Statute*, 16 CARDOZO ARTS & ENTERPRISE. L.J. 587, 587 (1998) (describing the statute as "radical and fundamental break with prior federal trademark law"). Dilution occurs when a second party lessens the capacity of a famous mark to identify and distinguish goods or services, regardless of whether the second party competes with the owner of the famous mark or the likelihood of confusion, mistake, or deception. *See* 15 U.S.C. § 1127; 141 Cong. Rec. S19306, S19310 (daily ed. Dec. 29, 1995) (statement of Sen. Hatch) giving as examples of actionable dilution the use of "DuPont shoes, Buick aspirin, and Kodak pianos"). The underlying rationale for a dilution cause of action is the idea that a "gradual attenuation or whittling away of the value of a trademark, resulting from use by another, constitutes an invasion of the senior user's property right in its mark and gives rise to an independent commercial tort." 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION ("MCCARTHY ON TRADEMARKS"), § 24:70 (4th ed. 1999).

The mental association that must be made by consumers before dilution can occur is somewhat subtle and

evasive. Consumers must make some mental connection between the marks used by the plaintiff and the defendant. "The connection, however, is not that which serves as the basis of liability for trademark infringement – the mistaken belief that the plaintiff is in some way associated with defendant's goods – but rather is the accurate recognition that a mark associated with the plaintiff is now also in use as an identifying symbol by another." RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25, comment f (1995). Thus, the appropriate mental association to support a dilution claim must be somewhat less than the type of strong mental connection that would give rise to a likelihood of confusion, but somewhat more than no connection at all. *See Fruit of Loom Inc. v. Girouard*, 994 F.2d 1359 (9th Cir. 1993) (citing MCCARTHY ON TRADEMARKS § 24:70).

To succeed on its claim under the Federal Trademark Dilution Act, Enterprise must prove (1) its mark was "famous," (2) Advantage adopted its mark after Enterprise's mark has become famous, and (3) Advantage's mark diluted Enterprise's mark by blurring the distinctiveness of the mark or by tarnishing or disparaging it. *See* 15 U.S.C. § 1125(c). The statute contains a laundry list of non-exclusive factors the Court may use to determine whether a mark is "distinctive and famous," including

> (A) the degree of inherent or acquired distinctiveness of the mark;
>
> (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
>
> (C) the duration and extent of advertising and publicity of the mark;

(D) the geographical extent of the trading area in which the mark is used;

(E) the channels of trade for the goods or services with which the mark is used;

(F) the degree of recognition of the mark in the trading areas and channels of trade used by the mark's owner and the person against whom the injunction is sought;

(G) the nature and extent of use of the same or similar marks by third parties; and

(H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

If successful, Enterprise may be given injunctive relief "subject to principles of equity and upon such terms as the court deems reasonable." *See* 15 U.S.C. § 1125(c)(1). If the owner of the famous mark proves the dilutor acted willfully with the intent to "trade on the owner's reputation or to cause dilution of the famous mark," the owner may also recover the dilutor's profits, any damages suffered by the owner, and costs of the suit and in exceptional cases, reasonable attorney fees. *See* 15 U.S.C. § 1125(c)(2), 1117(a); *see also Rolex Watch USA, Inc. v. Meece*, 158 F.3d 816, 824 (5th Cir. 1998) ("[T]he exceptional case is one in which the defendant's trademark infringement can be characterized as malicious, fraudulent, deliberate, or willful, and . . . it has been interpreted by courts to require a showing of a high degree of culpability."), *cert. denied*, 119 S. Ct. 1808 (1999). The Court can also order all offending materials be destroyed. *See* 15 U.S.C. § 1118.

This is not a well-developed or clear area of the law. *See* Robert N. Klieger, *Trademark Dilution: The Whittling*

Away of the Rational Basis for Trademark Protection, 58 U. PITT. L. REV. 789 (1997) ("Dilution is an amorphous concept, and no antidilution statute addresses exactly what dilution is or how it can be proven."). The definition of dilution and fame remain nebulous concepts and the meaning of § 1125(c), as well as its individual elements, have been debated among the circuits. *See Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*, 170 F.3d 449, 451 (4th Cir.) (lamenting the "dauntingly elusive concept" of federal trademark dilution), *cert. denied*, 1999 WL 412763 (1999). The First Circuit has reasoned that dilution protection is more readily available for noncompeting products and should not be a fallback for competing products that fail to prove infringement. *See I.P. Lund Trading Co. v. Kohler Co.*, 163 F.3d 27, 48 (1st Cir. 1998). The Fifth Circuit has emphasized that dilution protection is only available for "strong, well-recognized marks." *Exxon Corp. v. Oxxford Clothes, Inc.*, 109 F.3d 1070, 1081 n.14 (5th Cir.) (citing *Accuride Int'l Inc. v. Accuride Corp.*, 871 F.2d 1531 (9th Cir. 1989), which found the tradename "Accuride" not sufficiently distinctive to merit protection under California's antidilution statute), *cert. denied*, 116 F.3d 1479 (1997); *see also Sykes Laboratory, Inc. v. Kalvin*, 610 F.Supp. 849, 858 (C.D.Cal.1985) ("The dilution doctrine is only available to protect distinctive marks as exemplified by such famous names as 'Tiffany,' 'Polaroid,' 'Rolls Royce,' and 'Kodak' "). The degree of similarity between the marks must be greater than that which is required to show a likelihood of confusion, otherwise a dilution cause of action would subsume the concept of infringement. *See Jet, Inc. v. Sewage Aeration Sys.*, 165 F.3d 419, 424 (6th Cir. 1999) (citing MCCARTHY ON TRADEMARKS as explaining that state

dilution statutes generally require the marks to be "virtually identical").

Although the federal dilution act and the New Mexico anti-dilution statute explicitly require a mark to be "famous," the other state anti-dilution acts do not. However, the Court has determined that fame is an element of each of Enterprise's causes of action. *See* MCCARTHY ON TRADEMARKS § 24:108 ("Without such a requirement, an anti-dilution statute becomes a rogue law that turns every trademark, no matter how weak, into an anti-competitive weapon."); *Exxon Corp.*, 109 F.3d at 1081 n.14 ("[I]t is clear that anti-dilution statutes . . . are designed to protect only strong, well-recognized marks.").

Whether a mark is "famous" is a fact intensive issue that must be decided on a case by case basis. Different commentators have offered various tests for determining fame. According to the Restatement, only marks that retain their strength and distinction when considered outside the context of the goods or services with which the mark is typically used are famous enough to receive protection under a dilution theory. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25, comment e (1995) ("A mark that evokes an association with a specific source only when used in connection with the particular goods or services that it identifies is ordinarily not sufficiently distinctive to be protected against dilution."), J. Thomas McCarthy, a leading authority on trademark law, has opined that a mark is not "famous" unless it is known to more than fifty percent of the defendant's potential customers. MCCARTHY ON TRADEMARKS § 24:92 (borrowing from trademark law the concept that a designation can not be a trademark unless at least a majority of the customer group so perceives it).

Examples of marks that courts have found to be sufficiently famous to receive protection under the Federal Trademark Dilution Act include "Budweiser" beer, "Candyland" children's game, "Don't Leave Home Without Us," "The Greatest Show On Earth," "Panavision" movie and television cameras, "Porsche" automobiles, "Toys 'R Us" toy stores, "Nike" and "Just Do It," and the "Hard Rock Cafe" logo. *See Anheuser-Bush, Inc. v. Andy's Sportswear, Inc.*, 40 U.S.P.Q.2d 1542 (N.D. Cal 1996) (granting a TRO against the use of "Buttweiser" on t-shirts); *Hasbro, Inc. v. Internet Entertainment Group, Ltd.*, 40 U.S.P.Q.2d 1479 (W.D. Wash. 1996) (finding dilution by tarnishment by a web site showing sexually explicit pictures); *American Express Co. v. CFK, Inc.*, 947 F. Supp. 310 (E.D. Mich. 1996) (declining to grant summary judgment against "Don't Leave Home Without Me Pocket Address Book"); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp.*, 937 F. Supp. 204 (S.D.N.Y. 1996) (finding no dilution by "The Greatest Bar on Earth" on other grounds); *Panavision Int'l L.P. v. Toeppen*, 945 F. Supp. 1296 (C.D. Cal. 1996) (finding dilution by cybersquatter's use as a domain name), *aff'd*, 141 F.3d 1316 (9th Cir. 1998); *Porsche Cars North America Inc. v. Manny's Porshop, Inc.*, 972 F. Supp. 1128 (N.D. Ill. 1997) (finding infringement and dilution by independent repairer's "Porshop"); *Toys "R" Us, Inc. v. Akkaoui*, 40 U.S.P.Q.2d 1836 (N.D. Cal. 1996) (finding dilution by tarnishment by use of "adultsrus.com" for web site offering adult sexual products); *Nike, Inc. v. "Just Did It" Enters.*, 799 F. Supp. 894, 899 (N.D. Ill. 1992) (describing these marks as famous); *Hard Rock Cafe Licensing Corp. v. Pacific Graphics, Inc.*, 776 F. Supp. 1454, 1461 (W.D. Wash. 1991) (granting an injunction), *rev'd on other grounds*, 6 F.3d 1225 (7th Cir. 1993).

The Court is unpersuaded that the phrase "We'll Pick You Up" has the type or amount of fame ascribed to these types of marks. *See I.P. Lund Trading ApS Kroin, Inc. v. Kohler*, 163 F.3d 27, 46 (1st Cir. 1998) (meeting the fame standard requires an "elite" or "very unique" mark). The phrase at issue here connotes a common feature of rental car services – providing some type of pick-up service, either at the customer's home or business or from the repair shop. Dr. Howard's survey revealed that only 49.6% of the respondents – less than half – associated this extremely generic phrase with Enterprise, and these were people who had already indicated their familiarity with Enterprise and with the phrase. Dr. Howard's survey does not indicate how many people would recognize the phrase "We'll Pick You Up" if they were not already prompted with the information that the phrase should be associated with rental car companies. The Court is persuaded by the district court's reasoning in *American Dairy Queen Corp. v. RTO, Inc.*, 16 U.S.P.Q.2d 1077 (N.D. Ill. 1990). In that case, the court declined to enter an injunction in favor of Dairy Queen's slogan "We Treat You Right." The court explained, "We see no advance to the public interest in permitting an enterprise to monopolize one form of announcing 'Hey, we are good.'" Similarly, this Court declines to allow Enterprise to monopolize, especially in light of the absence of confusion and the fact that the parties are direct competitors, one way of conveying their pickup service.

The Court is also persuaded by the following authorities. In *Sports Authority, Inc. v. Abercrombie & Fitch, Inc.*, 965 F. Supp. 925 (E.D. Mich 1997), the court found that Abercrombie's use of phrase "Original Outdoor Authority" did not dilute the plaintiff's trade name "Sports Authority" for a sporting goods retail store. The court determined

that the term "Authority" was not sufficiently famous to deserve protection under the federal dilution. In *Columbia University v. Columbia/HCA Healthcare Corp*, 964 F. Supp. 733 (S.D.N.Y. 1997), the court found the mark "Columbia" to be too weak in the healthcare industry to be diluted, even though the mark was relatively strong in the educational field both for Columbia University and its medical school. *See also Genovese Drug Stores, Inc. v. TGC Stores, Inc.*, 939 F. Supp. 340, 350 (D.N.J. 1996) (determining that a grocery store's mark "We'll Take Good Care of You" lacked the requisite fame to be diluted by a competitor's "Takegood Care" stores).

The Court has also considered the Ninth Circuit's recent decision, *Avery Dennison Corp. v. Sumpton*, 1999 WL 637085 (9th Cir. 1999). In that case, Avery Dennison Corporation had been selling office products under the registered trademarks "Avery" and "Dennison" for over sixty years. The company spent more than $5 million per year advertising its products and made approximately $3 billion in sales annually. The company sued an internet e-mail provider who had registered the domain names "avery.net" and "dennison.net." Finding the defendant's domain names to dilute the plaintiff's registered trademarks, the district court entered an injunction ordering the defendant to transfer the domain name registrations to the plaintiff. The Ninth Circuit reversed, finding that the plaintiff's marks were not sufficiently famous to merit protection under the federal dilution statute. The Court explained that a dilution cause of action treads close to granting "rights in gross" in a trademark and creates a danger of over-protecting trademarks at the expense of potential non-infringing uses. The Court emphasized that the famousness prong of the dilution analysis reinstated

the balance by assuring that only a limited class of trademarks was eligible for dilution protection. *See id.* at *4, *5. While analyzing the statutory factors, the Court discussed three market research studies the plaintiff had presented to show evidence of extensive advertising and sales, international operations, and consumer awareness. The pool of participants in one survey was created by using the plaintiff's client lists and the other two surveys were administered mostly to users and purchasers of office products. The Court found these market reports did not provide any evidence of whether consumers in general had any brand association with "Avery" and "Avery Dennison" or whether the product awareness related specifically to the Dennison trademark.

In its attempt to show the requisite fame, Enterprise has repeatedly emphasized both the size of its advertising budget and the notoriety of the programs during which Enterprise has run its commercials. However, the mere fact that Enterprise has spent a significant amount of money in advertising does not necessarily lead to the conclusion that the mark is famous. *See Carter-Wallace, Inc. v. Procter & Gamble Co.*, 434 F.2d 794 (9th Cir. 1970) (stating that a "large expenditure of money does not in itself create legally protectable rights"); *Aloe Creme Labs., Inc. v. Milsan Inc.*, 423 F.2d 845, 850 (5th Cir.) (emphasizing that the question is the effectiveness of the promotional efforts in shaping the impression of the consuming public, not merely the extent of the promotional efforts), *cert. denied*, 398 U.S. 928 (1970).

Enterprise has failed to present any evidence that the phrase "We'll Pick You Up" is sufficiently famous to receive protection under the anti-dilution statutes. Dr. Howard's findings are simply insufficient. The Court has

deliberate choice made by Congress.[6] It is not the province of this court or of the Board to read a new provision into the FTDA to the effect that the Board may grant concurrent use registrations to avoid trademark dilution.

Our conclusion that any prior use, even in a limited geographic area, defeats a claim of dilution in a civil action under section 1125(c) leads to the conclusion that it defeats an opposition to registration based on dilution under section 1063. Section 1063 explicitly incorporates the definition of dilution from section 1125(c), allowing for the filing of an opposition by "[a]ny person who believes that he would be damaged by the registration of a mark upon the principal register, including as a result of dilution under section 1125(c)." 15 U.S.C. § 1063(a) (2000) (emphasis added). This is confirmed by the legislative history, which states that the law "provides holders of famous marks with a right to oppose or seek cancellation of a mark that would cause dilution as provided in the [FTDA]." H.R. Rep. No. 106-250, at 4 (1999). Because there can be no dilution under the FTDA where the allegedly famous mark did not achieve fame prior to any use by the accused infringer, there can be no opposition based on dilution under such circumstances.

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[6] Even if Congress had extended the Lanham Act provisions on concurrent use to the FTDA, it would not lead to the result Enterprise seeks - prevention of Advantage's federal registration. Rather, the proceeding would be converted to a concurrent use proceeding, in which Advantage would be eligible to receive federal concurrent use registration. See, e.g., Faces, Inc. v. Face's, Inc., 222 USPQ 918, 919 (TTAB 1983).

Because Advantage used the mark in the San Antonio, Texas, area in 1990, before Enterprise's mark allegedly became famous,[7] the Board correctly rejected Enterprise's opposition and registered the Advantage mark.

IV

Enterprise's final contention is that the Board improperly refused to allow it to amend its opposition to include claims of dilution under state dilution statutes. Some of these statutes appear to apply without regard to the fame of the mark, and so Enterprise would not be barred by res judicata from pressing these claims before the Board. The Board refused the motion to amend, holding that the Trademark Amendments Act did not add dilution under state statutes as a ground for opposition. Enterprise, 62 USPQ2d at 1858-59. We agree with the Board.

The new statute provides for oppositions based on "dilution under section 1125(c)," not based on dilution under state law. And as discussed above, the legislative history indicates that Congress enacted this provision in response to the Board's decision in Babson, which dealt with the question of whether opposition could be based on dilution under the FTDA. See H.R. Rep. No. 106-250, at 5; Babson, 39 USPQ2d at 1953. The House Judiciary Committee explicitly stated, "[s]ection two provides holders of famous marks with a right to oppose or seek cancellation of a mark that would cause

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[7] In fact, the district court found that Enterprise did not even use its mark as the company slogan until 1994, four years after Advantage's prior use began in 1990. Advantage, No. A 98CA 372, slip op. at 3 & n.2.

dilution as provided in the 'Federal Trademark Dilution Act of 1995.'" H.R. Rep. No. 106-250, at 4 (emphasis added). There is nothing in the language or in the legislative history of the Trademark Amendments Act of 1999 to suggest that Congress added to the statute any grounds for opposition other than dilution under the FTDA, much less dilution under state statutes.[8] And rejecting such an opposition is consistent with one of the

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[8] Enterprise argues that by overruling Babson, Congress intended to overrule the longstanding Board rule mentioned in Babson that violations of state dilution statutes do not constitute aground for opposition or cancellation. This argument is unsupported.

Babson presented the question of first impression of whether dilution under the FTDA constituted a ground of opposition, and merely noted by way of a passing footnote the well-established Board rule regarding state dilution causes of action. Babson, 39 USPQ2d at 1954 n.4 (citing Devries v. NCC Corp., 227 USPQ 705, 706 n.3 (TTAB 1985); and K2 Corp. v. Philip Morris Inc., 192 USPQ 174 (TTAB 1976), aff'd, Philip Morris Inc. v. K2 Corp., 555 F.2d 815, 194 USPQ 81 (CCPA 1977)). There is no suggestion in the legislative history of the Trademark Amendments Act of 1999 that Congress was concerned with the state law aspect of Babson. Babson was uniformly described in the legislative history as a case that rejected dilution under the FTDA as a ground for opposition. See, e.g., H.R. Rep. No. 106-250, at 5 (quoting Babson, 39 USPQ2d at 1954) (stating that Babson "illuminated the need for further legislation," because "the Board held, 'Based on the provisions of the Federal Dilution Act . . . we hold that the framers of the law did not intend to provide a new statutory ground for opposition and cancellation.'"); 145 Cong. Rec. S7,452-56 (daily ed. June 22, 1999) (statement of Sen. Hatch) ("In Babson Bros. Co. v. Surge Power Corp, 39 USPQ2d 1953 (TTAB 1996), the TTAB held that it was not authorized by the Federal Trademark Dilution Act to consider dilution as grounds for opposition or cancellation of a registration. Thus, under current law a trademark owner may seek relief under the federal dilution statute only after dilution of the mark has occurred.").

stated purposes of the Lanham Act, "to protect registered marks used in such commerce from interference by State, or territorial legislation." 15 U.S.C. § 1127 (2000); see also H.R. Rep. No. 104-374, at 7.

To be sure, the statute allows oppositions to be filed by "[a]ny person who believes that he would be damaged by the registration of a mark upon the principal register, including as a result of dilution under section 1125(c)." 15 U.S.C. § 1063(a) (2000). Enterprise argues that this provision allows for the filing of an opposition based on alleged damage as defined by state causes of action. We held in Young v. AGB Corp., 152 F.3d 1377, 47 USPQ2d 1752 (Fed. Cir. 1998), however, that this language merely states the requirement for standing. Id. at 1379-80, 47 USPQ2d at 1754. Once standing is established, in order to state a claim, an opposer must base its ground of opposition on a statutory claim found in the Lanham Act. Id. at 1380, 47 USPQ2d at 1754. But the Lanham Act does not create a ground for opposition based on state dilution law.

Enterprise in this case sought to amend its opposition to add claims under state law; the Board did not abuse its discretion in refusing those amendments.

CONCLUSION

For the foregoing reasons, the judgment of the Board is

AFFIRMED

COSTS

No costs.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

NOTICE OF ENTRY OF
JUDGMENT ACCOMPANIED BY OPINION

OPINION FILED AND JUDGMENT ENTERED:
05/30/03

The attached opinion announcing the judgment of the court in your case was filed and judgment was entered on the date indicated above. The mandate will issue in due course.

Information is also provided about petitions for rehearing and suggestions for rehearing en banc. The questions and answers are those frequently asked and answered by the Clerk's Office.

No costs were taxed in this appeal.

Regarding exhibits and visual aids: Your attention is directed to FRAP 34(g) which states that the clerk my destroy or dispose of the exhibits if counsel does not reclaim them within a reasonable time after the clerk gives notice to remove them. (The clerk deems a reasonable time to be 15 days from the date the final mandate is issued.)

JAN HORBALY
Clerk

cc: RUDOLPH A. TELSCHER, JR.
WILLIAM D. RAMAN

ENTERPR RENT-A-CAR V ADV RENT-A-CAR, 02-1444
PTO-120,101

United States Court of Appeals for the Federal Circuit

02-1444
(Opposition no. 120,101)

ENTERPRISE RENT-A-CAR COMPANY,
Appellant,

v.

ADVANTAGE RENT-A-CAR, INC.,
Appellee.

JUDGMENT

Appealed from:
United States Patent and Trademark Office
Trademark Trial and Appeal Board

in CASE NO(S).

This CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

AFFIRMED

DATED MAY 30 2003

ENTERED BY
ORDER OF THE COURT
/s/ Jan Horbaly
Jan Horbaly

THIS OPINION IS CITABLE AS PRECEDENT OF THE T.T.A.B.

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Trademark Trial and Appeal Board
2900 Crystal Drive
Arlington, Virginia 22202-3513

Mermelstein

Mailed: March 26, 2001

[Entered: March 26, 2001]

Opposition No. 120,101

Enterprise Rent-A-Car Company
v.
Advantage Rent-A-Car Inc.

Before Bucher, Rogers, and Drost, administrative trademark judges.

By the Board.

On March 26, 2001, applicant filed a "motion to dismiss for failure to state a claim." Because applicant's motion relied upon matters outside of the pleadings,[1] the Board notified the parties by order dated April 2, 2001, that the motion would be treated as one for summary judgment.[2] *See* Fed. R. Civ. P. 12(b). With its brief in opposition to applicant's motion for judgment, opposer filed a motion to amend its notice of opposition to add claims for relief under state dilution statutes. Applicant filed a reply in support of its motion for summary judgment (which we have considered) and an opposition to opposer's motion to amend. Finally, on July 2, 2001, opposer filed a motion to file a surreply to the motion for summary judgment, along with its proffered surreply.

MOTION FOR LEAVE TO FILE SURREPLY

Trademark Rule 2.127(e)(1) states that "The Board may, in its discretion consider a reply brief. * * * *No further papers in support of or in opposition to a motion for summary judgment will be considered by the Board.*" (emphasis added.) *See also, No Fear Inc. v. Rule*, 54 USPQ2d 1551, 1553 (TTAB 2000) (reply briefs are disfavored; no further papers may be considered under Board's rules).

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1 Specifically, applicant relies on the opinion and judgment on appeal in a civil action between the parties herein, *Advantage Rent-A-Car Inc. v. Enterprise Rent-A-Car Co.*, 238 F.3d 378, 57 USPQ2d 1561, 1562-63 (5th Cir. 2001).

2 To avoid confusion, applicant's motion is referred to herein as a motion for summary judgment.

The quoted language of Rule 2.127(e)(1) leaves the Board with no discretion in this matter. Even if it did, however, we would not exercise it to consider the surreply in this case. There must be an end to every argument and a party's desire to have the last word is not a sufficient ground to ignore the Board's rules for briefing. Opposer's motion is DENIED, and its surreply has not been considered.

MOTION FOR LEAVE TO AMEND PLEADING

Opposer now seeks leave to amend its notice of opposition to add claims for dilution based on state law.[3] Under Fed. R. Civ. P. 15(a), once a responsive pleading is filed, a party may amend a pleading only by leave of the court, "and leave shall be freely given when justice so requires."

Consistent with the exhortation in Fed. R. Civ. P. 15(a), the Board is liberal in granting leave to amend, provided the amendment would not violate settled law or be prejudicial to the rights of the adverse party. *E.g., Polaris Industries Inc. v. DC Comics*, 59 USPQ2d 1798, 1799 (TTAB 2000); TBMP § 507.01 (and cases cited therein). However, the Board will deny a motion for leave to amend if the proffered pleading is itself legally insufficient, or would serve no useful purpose. *Polaris*, 59 USPQ2d at 1798.

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[3] Specifically, opposer wishes to plead grounds for opposition arising under the anti-dilution statutes of Alabama, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Louisiana, Maine, Massachusetts, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New York, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Washington, West Virginia, and Wyoming. Motion, May 14, 2001, p. 2.

Prejudice to applicant is not an issue in this case. Trial has not yet begun, and the Board could easily ameliorate any difficulty resulting from amendment by extending the discovery period. *See, e.g., Buffett v. Chi-Chi's, Inc.*, 226 USPQ 428, 431 (TTAB 1985). Nonetheless, we deny opposer's motion, because the Board has no jurisdiction to decide issues arising under state dilution laws.

A review of the history of dilution claims before the TTAB is instructive. Prior to 1995, many states recognized claims for trademark dilution. It had long been held, however, that claims for dilution were not a cognizable ground for opposition or cancellation before the Board. *E.g., Max Factor & Co. v. Clairol Inc.*, 163 USPQ 240, 243 (TTAB 1969); *Geo. A. Dickel Co. v. General Mills, Inc.*, 317 F.2d 954, 137 USPQ 891, 892 (CCPA 1963); *K2 Corp. v. Philip Morris Inc.*, 192 USPQ 174, 177 (TTAB 1976), *aff'd*,555 F.2d 815, 194 USPQ 81 (CCPA 1977).

In 1995, in order to provide a federal cause of action for trademark dilution, Congress passed the Federal Trademark Dilution Act of 1995 (FTDA). Pub. L. No. 104-98, 109 Stat. 985. The FTDA amended Trademark Act § 43 to provide a remedy for dilution.[4] In *Babson Bros. Co. v. Surge Power Corp.*, 39 USPQ2d 1953 (TTAB 1996), the Board held that while the FTDA provided "a federal cause of action in courts," it did not explicitly or implicitly provide a new ground for opposition or cancellation before the Board. *Babson*, 39 USPQ2d at 1954-55.

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[4] The FTDA also amended Trademark Act § 45 by inserting a definition of "dilution."

Finally, pursuant to the Trademark Amendments Act of 1999 ("TAA"), Pub. L. No. 106-43, 113 Stat. 218, Congress amended the Trademark Act to provide that dilution is a ground for opposition or cancellation proceedings before the Board. In doing so, the legislative history specifically referred to the Board's decision in *Babson, see, e.g.,* Cong. Rec. June 22, 1999, S7453-54 (1999) (statement of Sen. Hatch). To the extent relevant here, the TAA amended Trademark Act § 13 as follows[5] (wording added by TAA underlined):

> (a) Any person who believes that he would be damaged by the registration of a mark upon the principal register, *including as a result of dilution under section 43(c),* may . . . file an opposition in the Patent and Trademark Office, stating the grounds therefor. . . .

Opposer essentially contends that the term "including" in the TAA has dramatically expanded the Board's jurisdiction in opposition or cancellation proceedings to consider as grounds for Board proceedings any claim asserting a theory by which a "person . . . believes that he would be damaged," including those arising under state dilution statutes. Neither the language of the statute, nor its legislative history supports such a result.

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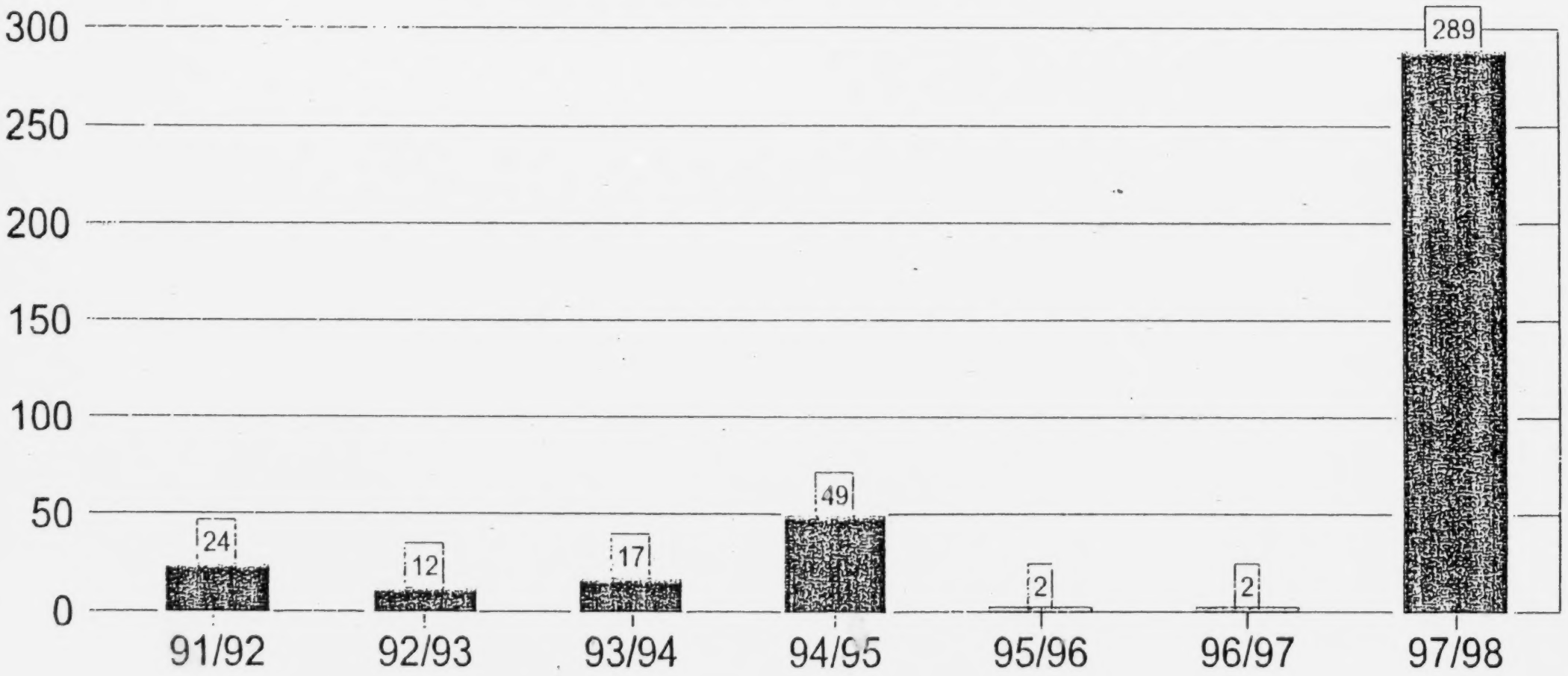
[5] Trademark Act § 14, governing cancellation proceedings, was similarly amended by the TAA.

Advantage Rent-A-Car



EXHIBIT